

August 2009

Highlights

Internal Audit Report to the
Board of Supervisors

Why We Did This Review

Maricopa County spends millions each year on contracts. As part of our efforts to contain costs in these difficult economic times, we attempted to identify and recover overpayments to vendors and ensure that all revenues due are collected.

The objectives of this audit were to verify that:

- 1) Transactions processed were in compliance with the requirements and pricing outlined in the contract
- 2) Revenues were collected in accordance with the contract

Separate reports were issued on each of the contracts and are available upon request.

What We Recommend

We recommended:

- The County be reimbursed for questioned costs
- County oversight be strengthened and enforcement of contract terms be enhanced



For more information, please contact
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Countywide Contracts

More Oversight Needed; Overpayments Found

What We Found

We examined six contracts that included 11 vendors. We found most contracts (1) violated contract pricing terms, (2) lacked sufficient documentation, and/or (3) lacked sufficient County oversight. A summary of our findings is shown below.

Vendor/Contract	Agency	Issues
Cox Cable Franchise Fees (Revenue Contract)	Office of Enterprise Technology	Cox underpaid the County \$190,600 in franchise fees.
ASAP Software Purchasing Contract	Materials Management Department of Finance	The County overpaid ASAP Software \$96,500, including: <ul style="list-style-type: none">• \$49,000 in pricing overcharges• \$47,500 in taxes for tax exempt services
Broadlane Temporary Medical Personnel Contract	Correctional Health Public Health Juvenile Probation	The County paid Broadlane \$23,000 in excess of contracted rates.
Downtown Court Tower Construction Contracts <u>Vendors:</u> <ul style="list-style-type: none">• Gilbane Construction• Gould Evans Assoc	Public Works	Gilbane overbilled the County \$3,140. Gould Evans Associates invoiced in compliance with contract terms.
Sheriff's Inmate Canteen Foods Contracts <u>Vendors:</u> <ul style="list-style-type: none">• Food Express, USA• Jenny Service Co.• Keefe Supply Co• Kellogg Supply, Inc• Vistar/Vend Source	Sheriff's Office	Some price discrepancies and product substitution occurred. All vendors had some invoices that lacked sufficient detail to verify accuracy of charges. The Sheriff's Office purchased some items that were not on contract and violated procurement code.
Ralph Andersen & Associates, Outside Consulting, Auditing, and Accounting Services Contract	Health Care Mandates/ General Government	The County paid \$2,900 in per diem overcharges and permitted excessive lodging arrangements for one consultant.

"Do the Right Things Right!"

Maricopa County Internal Audit Department